

Investment Securities Questionnaire

	Yes	No		Yes	No
General Questionnaire			<ul style="list-style-type: none"> Record keeping and documentation requirements? 		
1. Did the board of directors approve a written investment policy?			9. Does the savings association engage in speculative trading strategies?		
2. Does the savings association update its investment policy annually and whenever unanticipated conditions dictate?			10. Does the savings association engage in any unsuitable investment practices?		
3. Does the investment policy address the assignment of responsibilities and duties? ..			11. Is the savings association's trading activity appropriate based on the type and amount of activity?		
4. Do the investment policy and business plan confirm the following requirements:			12. Does the composition of the investment securities portfolio take into consideration the following items:		
• Safety and soundness?			• Quality levels?		
• Regulatory limitations?			• Diversification?		
• The board of director's requirements?			• Maturity structure?		
5. Does the savings association monitor adherence to the policy?			• Liquidity?		
• How often?			13. Does the savings association have procedures in place to prevent over-collateralization?		
6. Is the investment strategy appropriate based upon the savings association's investment portfolio, interest rate risk, profitability, and regulatory capital position?			14. Does the savings association maintain an adequate control register for its investment securities clearly showing the following information:		
7. Does the policy define the acceptable level of risk?			• Types of securities?		
8. Does the association take the following considerations into account when looking at the composition of the portfolio:			• Outstanding position?		
• Investment objectives?			• Volume of purchases and sales?		
• Investment strategy			• Realized and unrealized gains or losses on these positions?		
• Types and level of allowable investments?			15. Do subsidiary records of investment securities show all pertinent information, including the following items:		
• The decision-making process?			• A description of the security?		
• Monitoring of investments?					

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• The safekeeping location of the security?			• Did the board of directors approve the investment?		
• Pledged or unpledged status of the security?			• Does the savings association analyze the investment prior to purchase, including the estimated yields under various interest-rate and prepayment scenarios?		
• Premium amortization?.....			• Does the savings association document the expected yield and the prepayment assumptions used?		
• Discount accretion?			• Are the initial prepayment assumptions reasonable considering the interest rate on the underlying collateral when compared with prevailing mortgage interest rates?		
• Interest earned, collected, or accrued? ..					
16. Does the savings association perform a price sensitivity analysis of complex securities prior to purchase?			23. Does the savings association periodically adjust the yield or book value of an MBS or MDP based upon changes in the prepayment experience of the underlying collateral?		
17. Does the savings association perform an internal analysis of its investment securities at least quarterly?			24. Does the savings association purchase commercial MBSs? If so, review the following question:		
18. Does the savings association obtain periodic market valuations for the following investment securities:			• Do any of these securities have teaser rates?		
• Thinly traded investments?			• If so, how close was the current interest rate to the lifetime cap:		
• Issues not quoted daily on major markets?			_____		
19. Does the savings association perform credit analyses independently of the investment department?			_____		
20. Does the association obtain bond ratings from any of the well-known bond rating services?			25. Does the savings association issue CMOs or MDPs through a subsidiary?		
• Which services?			26. Did the savings association purchase the senior interest of a senior/subordinated security structure? If so, answer the following questions:		
_____			• What was the investment rating?		
21. Does the savings association appropriately classify investment securities?			_____		
22. Did the savings association purchase any SMBs or the residual interest in an MDP? If so:					

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<ul style="list-style-type: none"> What was the underlying collateral? 			32. Does the savings association reconcile subsidiary records at least monthly?		
27. Did the savings association purchase the subordinated interest in the security?			<ul style="list-style-type: none"> How often? Does the savings association test them for accuracy? 		
28. Is there adequate segregation between the individuals responsible for executing the transactions, accounting for the transactions and transferring funds?			33. Does an independent party, not connected with the transaction, review commitments and advices?		
29. Do trade tickets contain the following information:			34. Does the savings association verify delivery or safekeeping records?		
<ul style="list-style-type: none"> Trade date? Settlement date? Purchase or sale transaction? Contract description? Quantity? Price? Reason for trade? Identity of person conducting transaction? 			35. Who has custody or control of securities?		
30. Does someone other than the person who authorizes, executes, or controls the securities record the transaction?			36. Does the savings association obtain comparative price quotes from at least two broker/dealers other than the broker/dealer that executed the transaction?		
31. Does someone other than the person with custody or control of securities post transaction records?			37. Does the savings association use reputable dealers?		
			38. Is there a concentration of activity with one broker/dealer?		
			39. Does the association properly safeguard the physical securities?		
			40. Does the savings association have procedures in place to ensure proper access and control?		
			41. Does the savings association review safe keeping records for accuracy?		

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Comments

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